UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TAHRA KERMAN-MASTOUR, Plaintiff, v. FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC., AND FINRA REGULATION, INC., Defendants.	Docket No.: 10-CV-1633 (RJH)(RLE) **DECLARATION OF SCOTT ANDERSEN**

I, **SCOTT ANDERSEN, ESQ.**, being duly sworn, declare under penalty of perjury that the foregoing is true and correct:

1. I am currently employed as a Director in the Enforcement department of the Financial Industry Regulatory Authority, Inc., ("FINRA"), reporting to Suzanne Elovic. I have held this position since I joined FINRA in 2007. Prior to joining FINRA, I held the position of Director at New York Stock Exchange ("NYSE") Regulation. I am fully familiar with the facts set forth in this declaration, which I offer in support of Defendants' Motion for Summary Judgment.

2. Shortly after starting my employment at FINRA, Susan Merrill, Enforcement Chief, asked me to train newly hired attorneys who were typically law graduates to one or two years out of law school. However, Tahra Kerman-Mastour ("Kerman-Mastour") was never an attorney who was assigned to me to train or formally supervise.

3. In March 2009, Merrill asked me to review Kerman-Mastour's recent memoranda and case files and provide my assessment of the quality of her work to Merrill.

4. Merrill directed me to speak with Richard Chin to identify cases that Kerman-Mastour had worked on and to obtain Kerman-Mastour's case files.

5. I met with Chin to obtain Kerman-Mastour's memoranda and case files on the TB, LT, and GP cases. I did not review Chin or Light's comments or edits to Kerman-Mastour's memoranda before conducting my own assessment of Kerman-Mastour's work.

6. Over the next several weeks, in addition to my regular caseload, I conducted a review of Kerman-Mastour's case files and memoranda, including comparing her factual and legal analysis to materials contained in the case files. Thereafter, in late April 2009, I provided Merrill with my assessment of Kerman-Mastour's work via telephone.

7. I informed Merrill of the three cases I reviewed, the general process I undertook to review those matters, and shared some general observations such as the files were well organized and the on-the-record ("OTR") testimony (which was handled by other enforcement attorneys in addition to Kerman-Mastour) appeared to cover the pertinent issues. I also commented on the amount of effort employed by Kerman-Mastour preparing large exhibit binders, which surprised me as the cases were relatively simple and suggested that Kerman-Mastour was not working her cases efficiently.

8. I also informed Merrill that while Kerman-Mastour's memorandum in the TB matter met standards (despite a subtle problem with the analysis whether respondent was an "associated person"), I found some problems with Kerman-Mastour's draft memorandum in the LT case, and I found substantial problems with her memorandum in the GP matter.

9. In the LT case, while Kerman-Mastour recommended informal discipline, I had the opinion that formal discipline was necessary when considering the FINRA sanction guidelines and assessing that respondent attempted to conceal his "sharing in customer losses" by disguising his payments to thirteen customers by using cashier checks. Respondent's inaccurate denial that he was attempting to compensate a customer for her losses during his OTR further supported formal disciplinary action.

10. In the GP matter, a matter involving the registered representative's conduct in three distinct series of customer transactions that all involved similar infractions (unauthorized trading, discretionary trading, or placing stop losses in customer accounts without consent), I was troubled with Kerman-Mastour's recommendation to charge only one of the series of transactions while recommending no action in the other two despite their similarity. I did not find Kerman-Mastour's basis for recommending no action persuasive, and found her analysis included misperceptions about the scope of proof necessary to charge a registered representative who has engaged in a pattern of similar violations and broadly has conceded his misconduct. Moreover, on the more complicated customer transactions that involved stop loss orders, Kerman-Mastour did not include any legal authority to support her suggested theory of when a violation of FINRA rules would occur and I questioned whether her theory was correct. Additionally, I advised Merrill that Kerman-Mastour's memorandum in the GP matter recommended a lower penalty than I thought was appropriate based upon the evidence accumulated in the investigation.

11. Neither Chin nor Light influenced my assessment of Kerman-Mastour's work.

12. At around the same time that I provided my opinion to Merrill, I provided Chin and Light with a brief summary of my opinion of Kerman-Mastour's work.

13. After providing Merrill with my comments, I did not speak with her again regarding Kerman-Mastour. Merrill did not consult me prior to terminating Kerman-Mastour's employment, and I was not involved in the termination decision.

14. I am not aware of any memorandum Kerman-Mastour wrote to Light in March of 2009 complaining about Chin's supervision.

Exhibits to my Declaration

15. Attached as "Exhibit A" is a true and correct copy of Kerman-Mastour's Draft Sufficiency of the Evidence Memorandum in the GP matter with my handwritten notes, produced during discovery and identified by Bates Nos. FINRA00738-00754.

16. Attached as "Exhibit B" is a true and correct copy of my April 13, 2009 e-mail to Susan Merrill, produced during discovery and identified by Bates No. FINRA03366.

Scott Andersen, Esq.

Executed on January 21, 2011

Exhibit A

FILED UNDER SEAL

(Courtesy Copy To Be Filed with Court)

Exhibit B

From: Andersen, Scott M
Sent: Monday, April 13, 2009 07:10 PM
To: Merrill, Susan
Subject: Tahra Kerman

Susan, I wanted to provide you a brief update as to where I am in reviewing Tahra's work. Last week I was provided the last of three memos submitted by Tahra during the first quarter of 2009. I have begun reviewing each of these memos, together with the underlying case files. Once completed, I will review the final version of each memo to get a sense of the progression from initial submission to final work product. This process should be completed in the next couple weeks, at which time I will contact you to discuss. Please advise if there is anything further you would like me to do.